United Newspapers Ltd

It is generally assumed that this company was formed in 1918 as the vehicle for Lloyd George's takeover of the two Lloyd newspapers. This is not the case, although it may have been renamed "United Newspapers (1918) Ltd" then.

The company had already been created in 1911 or before. When Edward Lloyd's will trust was distributed in that year, 550,000 shares in Edward Lloyd Ltd were sold to the public, possibly because some of the children wanted to convert their holdings into cash. The estate account drawn up then lists two lots of family holdings – Edward Lloyd Ltd and United Newspapers Ltd. Their value was £258,600 and £255,000 respectively (+/- £27m).* However, slightly more than half the shares were held in a separate family trust, so the value of the United would have been £510,000 (£54m) in 1911.

Although this is conjecture, the new company was probably used to separate the publishing from the industrial assets, with Edward Lloyd Ltd being used only for the paper mills – by then a vast and highly profitable operation. Although Frank Lloyd extracted a handsome profit from Lloyd George in the final price, his estimates of the company's value were realistic enough.

According to J M McEwen, Frank had said in the course of dealings early in 1917 that he would not accept less than £900,000 (£55.7m). An accountant grossly undervalued the company at half that. Annual inflation at nearly 20% during the war had eroded the 1911 value, giving a 1918 value of about a million. Moreover, circulation had risen steeply in those years.

By March 1918, Frank's price had risen to £1.1m (£55.8m). In the end he was paid £1.6m (£81m). The surplus £500,000 (£25m) can only be explained by Lloyd George's desire for speed.

The first two chapters of Guy Schofield's *The Men that Carry the News* (Cranford Press, 1974) outline what happened next. Another source is UBM, or United Business Media PLC, the distant successor to the Lloyd publishing company. It seems that the *Chronicle* prospered in the years following Lloyd George's acquisition despite its loss of independence.

In November 1926, it was announced that the "Lloyd George interests" in the company were to be sold to the Daily Chronicle Investment Corporation, owned by the Marquis of Reading, a former politician, and two wealthy merchants, Sir David Yule and Sir Thomas Catto.

They paid Lloyd George £2.9m (£162.7m). The sale agreement, dated 11 July 1927, named him as the sole seller. He had bought Henry Dalziel's interest in 1922 and the large stake held by Lord Bute in 1926, probably at a price reflecting the 1918 value rather than what the 1927 sale was about to fetch. The Liberal Party must have had some claim on the proceeds too. This generated much speculation and some indignation.

An extraordinary clause in the sale agreement gave Lloyd George an option to buy back the shares if the *Chronicle* or *Lloyd's Weekly* failed to follow the policy of the "Progressive Liberals" while opposing reactionary and communist doctrines. The option was to last for ten years. Lloyd George secured a winning position – editorial control without responsibility for the company's liabilities.

The three who backed the Corporation had no newspaper experience but their reputations and social standing inspired some confidence. That was short-lived. On 17 July 1928, they sold out to William Harrison for £1.5m (£81.5m), suggesting that they did not like what they had found.

Harrison was a solicitor who had invested first in property and then in paper-making. In the mid-1920s, he became chairman of the Inveresk Paper Co. In 1926, he bought *Illustrated London News*, the *Sphere*, the *Tatler*, the *Bystander* and others, combining them in a new company called Illustrated Newspapers Ltd. He then acquired a number of provincial papers.

* *Sums in brackets give the 2014 value arrived at on the Bank of England's calculator. They make it easier to see who made a profit or loss on the various deals. In/deflation varied considerably.*

Through the Inveresk Paper Co, Harrison bought the Daily Chronicle Investment Corporation in 1928 for £1.13m (£63.5m) in cash and £325,000 (£18m) in shares in a new company yet to be formed. This was half the price that the three rich men had paid for the Corporation a mere 13 months earlier.

Despite being a Tory, Harrison pledged the papers' allegiance to the Liberals in order to comply with Lloyd George's clause in the original sale.

In early 1929, he reorganised his group so that the new Provincial Newspapers Ltd would own his 17 provincial papers directly. United Newspapers owned the *Chronicle* and *Lloyd's Weekly* and controlled Provincial. United, in turn, was largely owned by Inveresk.

In the autumn of 1929, during the stock market crash, Inveresk's share price plummeted 80%, aided by adverse rumours. An audit revealed a catastrophic situation: Inveresk was £2.5m in debt and was committed to paying £500,000 to re-equip the *Chronicle* (a total of £170m).

Harrison, who was not a bad man but an over-ambitious one who was very bad at managing risk, left the scene. The company was rescued by three talented individuals – Bernhardt Binder, a distinguished accountant, Jack Akerman, an astute entrepreneur with a taste for adventure, and Brent Grotrian, a shrewd barrister, politician and businessman. These three had been on the board of Provincial and were appointed to run Inveresk.

They assumed their new duties immediately. They found that the *Chronicle* was unsustainable, not only because of its debts and the lack of company cash to support it, but also because sales were falling.

On 1 June 1930, the merger with the *Daily News* was announced. The paper was to be owned equally by United Newspapers Ltd and News and Westminster Ltd, a Cadbury company. The sale of the half-share to the *News* relieved Inveresk's debt sufficiently to allow it to carry on.

Many in Fleet Street mourned the passing of the *Chronicle*. Schofield wrote: "Thus ended the *Daily Chronicle*, one of the finest, and in its heyday one of the most successful, newspapers ever published in Fleet Street. The men who signed its death warrant had no alternative if their other papers – those they owned through Provincial Newspapers Ltd - were to be assured of substance on which to function."

The combination was thus seen as a takeover spelling the end of the *Chronicle* rather than as a rescue. Although it was born during the Great Depression, prospects were not bad in the longer term – the *News Chronicle* started life with a circulation of 1,400,000.

In late 1936, Akerman and Grotrian were relieved of any further concern about the paper when Daily News Ltd agreed to buy United out for half the valuation, i.e. £500,000 (£31.5m). United also recovered £100,000 (£6.4m) in capital and so was able to pay off its remaining debts. From then on, all its newspaper interests were in the provincial press.

The *News Chronicle* clawed itself back into viability and had a million-plus readership until the late 1950s when it again hit trouble. Daily News Ltd gave up on it and signed a pact with the devil – Associated Newspapers, Tory owner of the *Daily Mail*. As it turned out, this demonisation was not entirely fair. The Cadburys made the decision and Associated merely acted as a useful instrument.

In 1958, Daily News Ltd agreed to accept £2m in exchange for granting Associated an option to take over the premises, plant and goodwill. Associated allowed two years for a return to profitability. When it exercised the option in August 1960, the *News Chronicle* ceased to exist.

Daily News Ltd used the £2m to pay compensation to the employees, but the part that was not required to be paid by law was struck down by the High Court in 1962 *(Parke v Daily News)*. The board had no power to make a gratuitous donation to the employees since the shareholders' interest in the money took priority.